



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
1650 Arch Street
Philadelphia, Pennsylvania 19103-2029

**UNDERGROUND INJECTION CONTROL PERMIT NUMBER VAS3G931BSMY
AUTHORIZATION TO OPERATE SEVENTEEN (17) CLASS III G INJECTION
WELLS**

In compliance with provisions of the Safe Drinking Water Act, as amended, 42 U.S.C. §§ 300f-300j-11 ("SDWA"), and the SDWA implementing regulations promulgated by the U. S. Environmental Protection Agency at Parts 144 – 147 of Title 40 of the Code of Federal Regulations, this permit authorizes:

USC Saltville Brine, LLC
4800 San Felipe
Houston, Texas 77056

as the Permittee, to construct and operate seventeen (17) Class III G Injection Wells (hereinafter, "Injection Wells") which includes injection of fresh water, fluid from brine holding ponds, or evaporator distillate, in accordance with the provisions of this Permit. The Injection Wells will be located at the Saltville Brine Field, (hereinafter, "Facility") in Saltville, Virginia. Facility reference location: Latitude 36°51'27.32" and Longitude -81°45'52.37".

All references to Title 40 of the Code of Federal Regulations (C.F.R.) are to all regulations that are in effect on the date that this permit is effective.

This Permit's effective issuance date of February 24, 2004 remains in effect.

This Permit modification to allow the operation of seventeen (17) injection wells is effective as of _____, 2014.

This permit and its authorization to inject shall remain in effect for the operational life of the Facility, which includes proper well closure, plugging and abandonment when operations cease.

Signed this ___ day of _____, 2014.

Jon M. Capacasa, Director
Water Protection Division

PART I

A. Effect of Permit

USC Saltville Brine, LLC (the "Permittee") is allowed to engage in underground injection at the Facility in accordance with the conditions of this Permit. The Permittee shall not allow the underground injection activity, otherwise authorized by this Permit, to cause or contribute to the movement of fluid containing any contaminant into any underground source(s) of drinking water ("USDW"), if the presence of that contaminant may cause a violation of any primary drinking water regulation under 40 C.F.R. Part 141, or if it may otherwise adversely affect the health of persons. Any underground injection activity not authorized in this Permit or otherwise authorized by permit or rule is prohibited. Issuance of this Permit does not convey property rights or mineral rights of any sort or any exclusive privilege; nor does it authorize any injury to persons or property, any invasion of other private rights, or any infringement of State or local law or regulations. Compliance with the terms of this Permit does not constitute a defense to any action brought under Part C of the SDWA, or the imminent and substantial endangerment provisions of Part D of the SDWA, or any other common or statutory law for any breach of any applicable legal duty.

B. Permit Actions

This Permit can be modified, revoked and reissued, or terminated for cause or upon request as specified in 40 C.F.R. §§ 144.12, 144.39 and 144.40. Also, this Permit is subject to minor modifications as specified in 40 C.F.R. § 144.41. The filing of a request for a permit modification, revocation and reissuance, or termination, or the notification of planned changes, or anticipated noncompliance on the part of the Permittee shall not stay the applicability or enforceability of any permit condition.

C. Severability

The provisions of this Permit are severable and if any provision of this Permit is held to be invalid by a court order, the Permittee shall remain bound to comply with all remaining provisions.

D. General Requirements

1. Duty to Comply. The Permittee shall comply with all applicable Underground Injection Control ("UIC") regulations, including 40 C.F.R. Parts 124, and 144-147, and with the conditions of this Permit, except to the extent and for the duration that EPA authorizes any noncompliance by an emergency permit issued under 40 C.F.R. § 144.34. Any permit noncompliance constitutes a violation of the SDWA and is grounds for enforcement action, permit termination, revocation and reissuance or modification, or for denial of a permit renewal application.
2. Need to Halt or Reduce Activity Not a Defense. It shall not be a defense for the Permittee in an enforcement action that it would have been necessary to halt or

reduce the permitted activity in order to maintain compliance with the conditions of this Permit.

3. Duty to Mitigate. The Permittee shall take all reasonable steps to minimize or correct any adverse impact on the environment resulting from noncompliance with this Permit.
4. Proper Operation and Maintenance. The Permittee shall at all times properly operate and maintain the Injection Wells and all systems of treatment and control and related appurtenances which are installed or used by the Permittee to achieve compliance with the conditions of this Permit. Proper operation and maintenance includes effective performance, adequate funding, adequate operator staffing and training, adequate security to prevent unauthorized access and operation of the Injection Wells and adequate laboratory and process controls, including appropriate quality assurance procedures. This provision requires the operation of back-up or auxiliary facilities or similar systems only when necessary to achieve compliance with the conditions of this Permit.
5. Duty to Provide Information. The Permittee shall furnish to the Director of the Water Protection Division ("Director"), within a time specified by the Director, any information which the Director may request to determine whether cause exists for modifying, revoking and reissuing, or terminating this permit, or to determine compliance with this Permit. The Permittee shall also furnish to the Director, upon request, copies of records required to be kept by this Permit. If the Permittee becomes aware of any incomplete or incorrect information in the Permit Application or subsequent reports, the Permittee shall promptly submit information addressing these deficiencies. For purposes of this Permit, reports that are required to be submitted "in writing" or in "written" format may be submitted electronically through email or facsimile, unless otherwise specified herein.
6. Inspection and Entry. The Permittee shall allow the Director, or an authorized representative, upon the presentation of credentials and other documents as may be required by the law to:
 - a. Enter upon the Permittee's premises where the Facility or activity is located or conducted, or where records must be kept under the conditions of this Permit;
 - b. Have access to and copy, at reasonable times, any records that must be kept under the conditions of this Permit;
 - c. Inspect at reasonable times the Facility, equipment (including monitoring and control equipment), practices, or operations regulated or required under this Permit; and

- d. Sample or monitor at reasonable times any substances or parameters at any location for the purposes of assuring permit compliance or as otherwise authorized by the SDWA.
- 7. Penalties. Any person who violates a requirement of this Permit is subject to administrative or civil penalties, fines and other enforcement actions under the SDWA. Any person who willfully violates conditions of this Permit may be subject to criminal prosecution.
- 8. Transfer of Permits. This Permit is not transferable to any person except after notice is sent on EPA Form 7520-7, approval is received from the Director, and the requirements of 40 C.F.R. § 144.38 are satisfied. The Director may require modification or revocation of the permit to change the name of the Permittee and incorporate such other requirements as may be necessary under the SDWA or its implementing regulations. The transferee is not authorized to inject under this Permit unless and until the Director notifies the transferee that the transferee is so authorized through issuance of a revised permit identifying the transferee as the Permittee.
- 9. Signatory Requirements.
 - a. The Permittee shall sign all reports required by this permit and other information requested by the Director as follows:
 - (1) for a corporation, by a responsible corporate officer of at least the level of vice-president;
 - (2) for a partnership or sole proprietorship, by a general partner or the proprietor, respectively; or
 - (3) for a Municipality, State, Federal, or other public agency by either a principal executive officer or a ranking elected official.
 - b. A duly-authorized representative of the person designated in Paragraph a. above may also sign only if:
 - (1) the authorization is made in writing by a person described in Paragraph a. above;
 - (2) the authorization specifies either an individual or a position having responsibility for the overall operation of the regulated Facility or activity, such as the position of plant manager, operator of a well or a well field, superintendent, or a position of equivalent responsibility. A duly authorized representative may thus be either a named individual or any individual occupying a named position; and

(3) the written authorization is submitted to the Director.

c. If an authorization under Paragraph b. of this section is no longer accurate because a different individual or position has responsibility for the overall operation of the Facility, a new authorization satisfying the requirements of Paragraph b. of this section must be submitted to the Director prior to or together with any reports, information or applications to be signed by an authorized representative.

d. Any person signing a document under Paragraph a. or b. of this section shall make the following certification:

"I certify under the penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person(s) who manage the system, or those persons directly responsible for gathering the information, the information submitted is to the best of my knowledge and belief, true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."

10. Confidentiality of Information.

a. In accordance with 40 C.F.R. Part 2 (Public Information) and § 144.5, any information submitted to the Director pursuant to this Permit may be claimed as confidential by the submitter. Any such claim must be asserted at the time of submission by stamping the words "confidential business information" on each page containing such information. If no claim is made at the time of submission, EPA may make the information available to the public without further notice. If a claim is asserted, the information will be treated in accordance with the procedures in 40 C.F.R. Part 2.

b. EPA will deny any claims of confidentiality for the following information:

(1) The name and address of any permit applicant or permittee.

(2) Information which deals with the existence, absence, or level of contaminants in drinking water.

11. State Laws. Nothing in this Permit shall be construed to preclude the institution of any legal action or relieve the Permittee from any responsibilities, liabilities, or penalties established pursuant to any applicable State law or regulation.

PART II

A. General

The Permittee shall sign and certify copies of all reports and notifications required by this Permit in accordance with the requirements of Section D.9 of Part I, and shall submit such information to the Director at the following address:

Ground Water & Enforcement Branch (3WP22)
Office of Drinking Water and Source Water Protection
U. S. Environmental Protection Agency
Region III
1650 Arch Street
Philadelphia, Pennsylvania 19103

B. Monitoring Requirements

1. Samples and measurements taken for the purpose of monitoring shall be representative of the monitored activity. The Permittee shall obtain representative sample(s) of the fluid to be analyzed and conduct analysis(es) of the sample(s) in accordance with the approved methods and test procedures provided in 40 C.F.R. § 136.3, or methods and test procedures otherwise approved by the Director. The Permittee shall identify in its monitoring records the types of tests and methods used to generate the monitoring data.
2. The Permittee shall continuously monitor and record surface injection pressure, flow rate and cumulative volume in the Injection Wells beginning on the date each Injection Well commences operation and concluding when each Injection Well is plugged and abandoned. The Permittee, through a metering device, shall also keep daily records of injected and produced fluid volumes as appropriate. The Permittee shall compile all monitoring data monthly to complete the Quarterly Report referenced in Paragraph II.D.9 of this permit.
3. The Permittee shall sample, analyze and record the nature and composition of the injected fluid for the parameters listed below, once at the initiation of the injection operation. If the injection fluid is modified, to the extent that the analysis required by § 146.34(a)(7)(iii) of the UIC regulations becomes incorrect or incomplete, a new analysis as required by Section 146.34(a)(7)(iii) shall be provided to the Director.

-pH	-Manganese
-Specific Gravity	-Total Dissolved Solids
-Specific Conductance	-Barium
-Sodium	-Hydrogen Sulfide
-Iron	-Dissolved Oxygen
-Magnesium	-TOC
-Chloride	

4. The Permittee shall make a demonstration of mechanical integrity in accordance with 40 C.F.R. § 146.8 at least once every five years for each Injection Well. In addition to the above requirement, the Permittee shall conduct a mechanical integrity test demonstration whenever the protective casing or tubing is removed from each such Injection Well, the packer is resealed, or a well failure is likely, or as requested by the Director. The Permittee may continue operation of the Injection Well only if the Permittee has demonstrated the mechanical integrity of the Injection Well to the Director's satisfaction. The Permittee shall cease injection operations if a loss of mechanical integrity becomes evident or if the Permittee cannot demonstrate mechanical integrity.
5. The Injection Wells may be monitored on a field or project basis rather than an individual Injection Well basis by manifold monitoring. All Injection Wells must operate off of a common manifold and the operator must be able to demonstrate that manifold monitoring is comparable to individual Injection Well monitoring.
6. The Permittee shall perform all environmental measurements required by the permit, including, but not limited to measurements of pressure, temperature, mechanical integrity (as applicable) and chemical analyses in accordance with EPA guidance on quality assurance.

C. Record Retention

1. The Permittee shall retain records of all monitoring and other information required by this Permit, including the following (if applicable), for a period of at least five years from the date of the sample, measurement, report or application, unless such records are required to be retained for a longer period of time as specified by this Permit. The Director may extend this record retention time period at any time. If the Director extends the record retention time period, the Permittee shall comply with the new record retention time period.
 - a. All data required to complete the Permit Application form for this Permit and any supplemental information submitted under 40 C.F.R. § 144.31;
 - b. Calibrations and maintenance records and all original strip chart recordings for continuous monitoring instrumentation;
 - c. Copies of all reports required by this Permit.
2. The Permittee shall retain records concerning the nature and composition of all injected fluids, as listed in Paragraph II.B.3, above, of this Permit, until three years after the completion of any plugging and abandonment procedures. The Permittee shall continue to retain these records after the three year retention period unless he or she delivers the records to the Director or obtains written approval from the Director to discard the records.
3. Records of monitoring information shall include:

- a. The date, exact place, and the time of sampling or measurements;
- b. The individual(s) who performed the sampling or measurements;
- c. A precise description of both sampling methodology and the handling (custody) of samples;
- d. The date(s) analyses were performed;
- e. The individual(s) who performed the analyses;
- f. The analytical techniques or methods used;
- g. The results of such analyses.

D. Reporting and Notification Requirements

1. Report on Permit Review. Within thirty (30) days of receipt of this Permit, the Permittee shall ensure that the person designated pursuant to Paragraph I.D.9 of this Permit reports to the Director that he or she has read and is personally familiar with all terms and conditions of this Permit.
2. The Permittee shall notify the Director of his or her intent to construct a new Injection Well at least 30 days prior to such construction.
3. Commencing Injection. For each Injection Well, the Permittee shall not commence injection until construction or well rework is complete and all of the following conditions have been satisfied:
 - a. The Permittee has submitted written notice of completion of construction (EPA Form 7520-10) to the Director;
 - b. The Permittee has demonstrated to EPA that each Injection Well at the Facility has mechanical integrity in accordance with 40 C.F.R. § 146.8 and the Permittee has received written notice from the Director that such demonstration is satisfactory; and either:
 - (1) The Director has inspected or otherwise reviewed each Injection Well at the Facility and finds that it is in compliance with the conditions of the Permit; or
 - (2) The Permittee has not received notice from the Director of his or her intent to inspect or otherwise review each Injection Well at the Facility within thirteen (13) days of the date of the notice in Paragraph (a) of this Permit condition, in which case, prior inspection or review is waived and the Permittee may commence injection.

4. Twenty-four Hour Reporting.

- a. The Permittee shall report to the Director any noncompliance which may endanger or has endangered health or the environment. The Permittee shall provide such report orally (phone numbers: (215) 814-5445 or (215) 814-5469) within twenty-four hours from the time the Permittee becomes aware of the circumstances. The Permittee shall include the following information in the oral report:
- (1) Any monitoring or other information which indicates that any contaminant may endanger, or has endangered an underground source of drinking water.
 - (2) Any noncompliance with a permit condition, malfunction of the injection system which may cause, or has caused, fluid migration into or between underground sources of drinking water, or failure of mechanical integrity test demonstrations.
- b. The Permittee shall provide a written submission within five (5) days of the time the Permittee becomes aware of the circumstances described in Paragraph II.D.4, above. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including exact dates and times, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance.

5. Anticipated Noncompliance. The Permittee shall give advance written notice to the Director of any planned changes in the permitted Facility or activity which may result in noncompliance with permit requirements.

6. Other Noncompliance. The Permittee shall report all other instances of noncompliance to the Director in writing within ten (10) days of the time the Permittee becomes aware of the circumstances. The reports shall contain the information listed in Paragraph II.D.4. of this Permit.

7. Planned Changes. The Permittee shall provide written notice to the Director as soon as possible of any planned physical alterations or additions to the permitted Facility.

8. Conversion. The Permittee shall provide written notice to the Director thirty (30) days prior to the conversion of any Injection Well to an operating status other than an injection well.

9. Quarterly Reports. The Permittee shall submit quarterly reports for each Injection Well (using EPA Form 7520-11) to the Director summarizing the results of the monitoring required by Permit Condition B of Part II of this permit. These reports shall include each well's monthly monitoring records of injection pressure,

flow rate, injection volume, and production volume, the results of any mechanical integrity test(s), and any major changes in characteristics or sources of injected fluids. The quarterly reports shall be submitted not later than April 30, July 31, October 31, and January 31. Each report will provide information from the previous three month period.

10. Plugging and Abandonment Reports and Notifications.

- a. The Permittee shall notify the Director in writing at least forty-five (45) days before plugging and abandonment of any Injection Well as described in Paragraph III.C of this Permit. The Director may allow a shorter notice period upon written request.
- b. The Permittee shall submit any revisions to the Plugging and Abandonment Plan attached to and incorporated into this Permit (Attachment # 1) to the Director no less than forty-five (45) days prior to plugging and abandonment on EPA Plugging and Abandonment Form 7520-14. The Permittee shall not commence plugging and abandonment, of any Injection Well, until it receives written approval of the revisions to the Plan from the Director.
- c. To the extent that any unforeseen circumstances occur during plugging and abandonment of any Injection Well at the Facility that cause the Permittee to believe the Plugging and Abandonment Plan should be modified, the Permittee shall obtain written approval from EPA of any changes to the Plugging and Abandonment Plan prior to plugging any Injection Well at the Facility.
- d. Within sixty (60) days after plugging any Injection Well, the Permittee shall submit a Plugging and Abandonment Report to the Director which shall consist of either:
 - (1) A statement that the Injection Well was plugged in accordance with the EPA-approved Plugging and Abandonment Plan; or
 - (2) Where actual plugging differed from the Plugging and Abandonment Plan previously approved by EPA, the Permittee shall provide to the Director an updated version of Form 7520-14 specifying the different procedures used.
- e. The Permittee shall ensure that the Plugging and Abandonment Report is certified as accurate by the owner or operator and by the person who performed the plugging operation (if other than the owner or operator).

11. Compliance Schedules. The Permittee shall submit reports of compliance or noncompliance with, or any progress reports on, interim and final requirements contained in any compliance schedule of this Permit no later than thirty (30) days following each schedule date.

12. Mechanical Integrity Tests. The Permittee shall notify the Director in writing at least thirty (30) days prior to conducting Mechanical Integrity Testing on any Injection Well at the Facility.
13. Cessation of Injection Activity. After cessation of injection into any Injection Well at the Facility for two years, the Permittee shall plug and abandon each such Injection Well at the Facility in accordance with the Plugging and Abandonment Plan (Attachment #1) unless:
 - a. The Permittee provides written notice to the Director that describes actions and/or procedures, including compliance with the technical requirements applicable to each such Injection Well, that are necessary to ensure that each such Injection Well will not endanger any USDW during any period of temporary abandonment, unless waived, in writing, by the Director;
 - b. The Permittee receives approval from the Director that the actions and/or procedures described in the notice are satisfactory; and
 - c. The Permittee implements such EPA approved actions and/or procedures.

E. Mechanical Integrity Standards

1. Standards. The Permittee shall maintain the mechanical integrity of each Injection Well at the Facility pursuant to 40 C.F.R. § 146.8.
2. Request from Director. The Director may by written notice require the Permittee to demonstrate mechanical integrity of each Injection Well, at the Facility, at any time during the term of this Permit and the Permittee shall comply with the Director's request.

PART III

A. Construction Requirements

1. Confining Zone. Notwithstanding any other provision of this permit, the Permittee shall inject through each Injection Well only into a formation which is separated from any Underground Source of Drinking Water by a confining zone, as defined in 40 C.F.R. § 146.3, that is free of known open faults or fractures within the Area of Review as required in 40 C.F.R. § 146.22, which is a ¼ mile buffer around the Facility.
2. Casing and Cementing. The Permittee shall case and cement each Injection Well to prevent the movement of fluids into or between underground sources of drinking water and in accordance with 40 C.F.R. § 146.32. The casing and cement used in the construction of each Injection Well shall be designed for the life expectancy of each well. Cemented surface casing shall be installed from the

surface to a depth at least fifty feet below the lowermost underground source of drinking water and cemented back to the surface. The injection zone shall be isolated by the placement of long string casing to total depth and cemented back to the surface. Each well will also be completed with a 4 1/2 inch work string to enable the injection and production of fluid and to regulate cavern growth.

3. Logs and Tests. At a minimum, the following logs and/or tests shall be conducted during the drilling and construction of each injection well: For surface casing intended to protect underground sources of drinking water: gamma ray, resistivity, and caliper prior to the casing being installed and a cement bond/variable density or temperature log after the casing is set and cemented. For the long string casing: gamma ray, resistivity, and caliper prior to the casing being installed and a cement bond/variable density or temperature log after the casing is set and cemented.

The Permittee shall submit a narrative report that interprets log and/or test results which specifically relate to the results of the cementing operation. Further, the narrative shall detail the rationale used to make these interpretations. The narrative report shall be prepared by a knowledgeable log analyst and submitted to the Director. The Director may prescribe additional logs or waive logging requirements in the future should field conditions so warrant.

4. Mechanical Integrity. The Permittee is prohibited from conducting injection operations in any Injection Well until it demonstrates: (1) the mechanical integrity of each such Injection Well in accordance with the provisions of Condition D.3 of Part II of this Permit; and (2) the Permittee has received notice from the Director that such a demonstration is satisfactory in accordance with Condition D.3 of Part II of this Permit.
5. Corrective Action. Prior to injection into any Injection Well, the Permittee shall complete corrective action by plugging and abandoning any "abandoned wells," as defined at 40 C.F.R. § 146.3, located within the area of review that could provide conduits for fluid migration into USDWs. If an abandoned well is discovered within the area of review after injection commences, the Permittee shall notify the Director upon discovery, and within five (5) days of such discovery, the Permittee shall submit to the Director for approval a plan for corrective action, consistent with the requirements of 40 C.F.R. Parts 144-147.
6. Completion Reports. The Permittee shall prepare a written Completion Report that summarizes the activities and the results of the testing required in Conditions A.1 through A.5 of Part III of this Permit and submit the Completion Report to the Director prior to the commencement of injection operations.

B. Operating Requirements

1. Injection Formation. The Permittee shall inject only into the MacCrady Formation located at the subsurface interval between approximately 1100 feet and 3954 feet.

2. Injection Fluid. The permittee shall not inject any hazardous substances, as defined by 40 CFR Part 261, or any other fluid, other than water from existing brine holding ponds, evaporator distillate from the evaporation plant, or fresh water obtained from shallow ground water wells on Facility grounds.
3. Injection Volume Limitation. Injection volume shall be limited to a maximum of 16,000 barrels per cavern per day per well.
4. Injection Pressure Limitation. The Permittee shall not exceed a surface injection pressure maximum of 1,000 psi. The Permittee shall not inject fluid at a pressure which initiates fractures in the confining zone, as defined in 40 C.F.R. § 146.3, adjacent to underground sources of drinking water or causes the movement of injection or formation fluids into an underground source of drinking water.
5. For all of the Injection Wells, the Permittee is prohibited from injecting between the outermost casing protecting USDW and the well bore, and also from injecting into any USDW.

C. Plugging and Abandonment

1. Plugging and Abandonment. The Permittee shall plug and abandon each Injection Well as provided in the EPA approved Plugging and Abandonment Plan (Attachment 1).
2. The Permittee shall plug and abandon each Injection Well in such a manner that fluids shall not move into or between USDWs.

D. Financial Responsibility

1. The Permittee shall maintain continuous compliance with the requirement to maintain financial responsibility and resources to close, plug and abandon each Injection Well in the amount of at least \$50,000 per well. The Permittee shall increase the financial responsibility and resources by at least \$50,000, prior to construction of each new Injection Well and provide a revised Surety Performance Bond with Standby Trust Agreement to EPA. If the acceptability of the Surety Performance Bond with Standby Trust Agreement should change, the Permittee shall provide advance notification to the Director. The Permittee shall not substitute an alternative demonstration of financial responsibility for that which the Director has approved, unless the Permittee has previously submitted evidence of that alternative demonstration to the Director and the Director notifies the Permittee that the alternative demonstration of financial responsibility is acceptable. The Director may require the Permittee to submit a revised demonstration of Financial Responsibility if the Director has reason to believe that the original demonstration is no longer adequate to cover the costs of plugging and abandonment.

2. Insolvency of Financial Institution. In the event of the bankruptcy of the trustee or issuing institution of the financial mechanism, or a suspension or revocation of the authority of the trustee institution to act as trustee or the institution issuing the financial mechanism to issue such an instrument, the permittee must immediately notify the Director and submit an alternative demonstration of financial responsibility acceptable to the Director within sixty (60) days after such an event.



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
1650 Arch Street
Philadelphia, Pennsylvania 19103-2029**

Statement of Basis

for

**U.S. Environmental Protection Agency (EPA) Underground Injection Control (UIC)
Class III G Injection Well Permit Identified as
VAS3G931BSMY**

for

**USC Saltville Brine, LLC
4800 San Felipe
Houston, Texas 77056**

for

A project consisting of seventeen (17) Class III G injection wells used for the solution mining of salt located at the Saltville Brine Field in Smyth and Washington Counties, Saltville, Virginia 24370.

The review of the permit application by the U.S. Environmental Protection Agency (EPA) indicates that no impact to Underground Sources of Drinking Water should result from the injection operation. EPA intends to issue a permit for the operation of 17 injection wells, with conditions and terms as stated in the draft permit, unless modifications are needed based on any new information that may be introduced during the public comment period. Under the authority of Title 40 of the Code of Federal Regulations (40 C.F.R.) Parts 144 and 146, EPA permits must specify conditions for construction, operation, monitoring, reporting and plugging and abandonment of injection wells in order to prevent the movement of fluid into any underground source of drinking water (USDW).

On August 18, 1995 Virginia Gas Company submitted UIC permit applications and requested both a Class III G solution mining injection well permit and a Class I industrial brine disposal well permit for the construction and operation of three (3) injection wells in each well class. Virginia Gas Company intended to inject fresh water into a salt formation to dissolve the salt and create a cavern for the purpose of storing natural gas. The process of dissolving the salt and creating the cavern is called solution mining and requires a Class III G permit. The brine created from this solution mining process was to have been disposed through deep Class I industrial brine disposal wells. Those applications and subsequent amendments were deemed complete by the EPA Region III on February 15, 1996 and, after public notice of and solicitation of public comment on the proposed permits, two final permits were issued on April 29, 1996.



Since the issuance of these two permits, Virginia Gas Pipeline Company (formerly Virginia Gas Company) revised the scope of the project. On November 17, 2003, EPA received a letter and permit modification application from Virginia Gas Pipeline Company requesting a major revision to the Class III G permit and termination of the Class I permit. Virginia Gas Pipeline requested that the UIC Class III G permit be expanded from three to six injection wells. Among the purposes of the requested permit revision was to allow injection into Virginia Gas Pipeline's existing and expanding gas well cavern gallery of (1) brine from the holding ponds, (2) discharge water from its brine evaporation facility, and (3) fresh water as make-up water on an as needed basis. EPA granted both the Class III G permit expansion and Class I permit termination requests on February 24, 2004. On February 24, 2007, EPA transferred the Class III G permit for the six wells to Texas Brine Company Saltville, LLC ("Texas Brine") to operate the six injection wells solely for solution mining. The salt solution is produced into commercial salt products for agriculture, the swimming pool industry and domestic use. On August 10, 2011, EPA issued a major permit modification expanding the permit from six wells to seven wells. On September 1, 2011, Texas Brine submitted an application for a major permit modification to further expand the permit from seven to 17 wells to enable it to develop additional brine solution caverns to feed its commercial salt production operation.

EPA requested additional information from the permittee regarding their processes to ensure seismicity would not be induced from operations at the facility. Since the request Texas Brine Company Saltville, LLC changed its business name to USC Saltville Brine, LLC (USC). On January 21, 2014 EPA received a response regarding measures to limit any seismic potential.

EPA prepared a draft permit that, if finalized, will modify the number of wells from seven to 17 (referred to as "Draft Permit" throughout this Statement of Basis). The Draft Permit specifies conditions for the construction, operation, monitoring, reporting and plugging and abandonment of the Class III G injection wells. These conditions are specified so as to prevent the movement of fluids into an underground source of drinking water. General provisions for EPA UIC permit requirements are found at 40 C.F.R. Parts 144 and 146. Some of the major Draft Permit conditions specific to this project are as follows:

Area of Review: This is the area surrounding the project that the applicant must research and then develop a program for corrective action to address any wells which penetrate the injection zone and which may provide conduits for fluid migration. The Area of Review for this project is equal to ¼ mile buffer around the property boundary. The applicant has provided documentation on the well population within this Area of Review after researching local, County and State well records. No wells requiring corrective action were identified by the applicant within the Area of Review. However, if a well requiring corrective action is located at a later date, the permit provides that corrective action will be performed by plugging and abandoning that well. Other than the solution mining and gas storage wells that are currently active, there are no known wells, based on the Company's review, which penetrate the injection zone.

Underground Sources of Drinking Water (USDWs): USDWs are defined by the UIC regulations as aquifers or portions thereof which contain waters that have 10,000 parts per million (or milligrams per liter, mg/l) or less of Total Dissolved Solids and which are being or

could be used as a source of drinking water. The applicant has identified the depth of the lowermost USDW to be approximately 1050 feet below the land surface elevation. This depth depends on the surrounding surficial topography. The geologic name of this fresh water bearing formation is the Honaker Dolomite. The proposed construction of each injection well will be required to meet the regulatory criteria of 40 CFR Section 146.32 to prevent the migration of fluids into or between underground sources of drinking water. In addition, the Draft Permit requires surface casing to be placed to at least 50 feet below the lowermost USDW and cemented back to the surface. The Draft Permit also requires the Class III G wells' long string (production) casing to be cemented back to the surface.

Injection and Confining Zones: The Draft Permit limits the injection of fluids for the Class III G wells to the MacCrady Formation in the subsurface interval between 1100 feet and 3954 feet. This large range in depth is due to the subsurface irregularity of the MacCrady Formation's depth as well as variation in surface topography. The injection zone is thus separated from the lowermost USDW by an interval of between 850 feet to 2900 feet. The confining zone, immediately adjacent to the injection zone is comprised of salt, shale and dolomite.

Injection Fluid: The Class III G permit limits the injection fluid to the use of water from the existing brine holding ponds, evaporator distillate from the evaporator plant or fresh water from on-site shallow ground water wells. The maximum daily volume expected to be injected is 16,000 barrels per cavern.

Maximum Injection Pressure: The maximum allowable injection pressure for the Class III G well operations is limited in the Draft Permit to 1000 psi. This pressure limitation was established to meet the regulatory criteria of 40 CFR Section 146.33(a). The pressure is limited to avoid the initiation of new fractures or the propagation of existing fractures in the injection zone and confining zones adjacent to the injection zone during injection operations.

Monitoring and Reporting Requirements: The permittee will be responsible for monitoring injection pressure and flow rate on a continuous basis. In addition, the Permittee will be required to keep daily records of injected and produced fluid volumes. Results of monitoring shall be submitted to the Director, quarterly, as specified in the Draft Permit. The permittee will also be required to conduct a mechanical integrity test (MIT) for the new injection wells, once after each well's construction is complete, and once every five years thereafter. MITs are also required at least once every five years for each of the existing wells. These MITs will provide EPA with an evaluation of the integrity of the tubular goods (casing, tubing and packer) as well as documentation as to the absence of fluid movement into or between USDWs.

Plugging and Abandonment: USC has submitted a plugging and abandonment plan that will result in environmentally protective well closures at the time of cessation of operations. USC had made a demonstration of financial responsibility for the existing seven wells in the form of a Surety Bond for \$350,000.00 and a Standby Trust Agreement that indicates adequate resources will be maintained for well closures and should preclude the possibility of abandonment without proper closure. This demonstration will be increased by \$50,000 dollars, per new well, prior to construction of each of the contemplated ten new wells.

Expiration Date: A final Class III G permit, when issued, will be in effect for the operational life of the facility, which includes proper well closure and abandonment. This proposed Draft Permit contains essentially the same conditions as the final permit unless information is provided to EPA which would warrant alternative conditions or actions on this permit application. The permit will be reviewed at least once every five years to determine whether it should be modified, revoked and reissued, terminated or a minor modification made.

Additional Information: Questions, comments and requests for additional information may be directed to the contact person listed below. A public hearing has been tentatively scheduled for Wednesday, May 14, 2014, at 7:00 PM at Saltville Town Hall, 217 Palmer Avenue, Saltville, Virginia. The public comment period on this permitting action will close on May 14, 2014. EPA will hold this public hearing only if the agency receives written expressions of public interest concerning a hearing no later than May 5, 2011. EPA also reserves the right to cancel this public hearing unless a significant degree of public interest is evidenced. Written requests for a hearing should be directed to James Bennett, Ground Water and Enforcement Branch (3WP22), Office of Drinking Water and Source water Protection, 1650 Arch Street, Philadelphia, PA 19103. If you have any questions you may call at 215-814-5469.

Hi James,

Please find the requested info below. Let me know if you have any additional questions.

USC Saltville Brine

36 52 06.6 , -81 46 07.8

36.8685, -81.768833

Washington and Smyth Counties, Virginia

EJSCREEN Results:

EJSCREEN provides information on twelve different EJ Indexes. Each EJ Index combines one environmental measure with demographic data to characterize potential areas of EJ concern that may warrant further consideration, analysis or outreach.

According to the EJSCREEN Common User Guidelines, a site will be considered a good candidate for additional review when an EJSCREEN analysis for that area shows one or more of the twelve Primary EJ Indexes is at or above the 80th percentile in the **nation**. Region III's protocol when conducting an additional screening review is that if the site is **also** located in an area where one or more of the twelve Primary EJ Indexes is at or above the 80th percentile for the **state**, that site is considered to be in an area of potential EJ concern. An area may also warrant additional review if other readily available information suggests the potential for EJ concerns. For this assessment information was considered on the block group which contains the site as well as using a 0.5, 1 and 3 mile radius around the site.

None of the twelve Primary EJ Indexes are at or above the 80th percentile in the nation for the area around the **USC Saltville Brine in Washington and Smyth Counties, VA** and therefore no additional review for potential EJ concerns is required. The EJSCREEN results are attached.

Given the limitations of screening-level outputs, no EJ screening tool can provide an "easy button" to reach a conclusion that environmental justice concerns exist. As with any screening analysis, the output from EJSCREEN is a starting point for additional information collection and data analysis, as appropriate. EJSCREEN can only be used to identify places where EJ concerns are most likely to occur and where additional review may be warranted.

EJSCREEN is for internal use only. Do not release this information or the attached report.

For Inclusion in Case Conclusion Data Sheets/ICIS:

EJSCREEN Flag National: ☐ Yes ☒ No

EJSCREEN Flag State: ☐ Yes ☒ No

Enhanced Review for Potential EJ Concerns:

☐ Enhanced Review – Potential EJ Concern Found

☐ Enhanced Review – Potential EJ Concern Not Found

☒ No Enhanced Review

Basis of EJ Determination (Select all that apply):

☐ Community Self-Identification

☒ EJSCREEN data

- ☐ EPA knowledge of community/location (including inspector observation)
- ☐ Other basis (Please Explain)
- ☐ Other Federal Government knowledge of community/location
- ☐ Public Input
- ☐ State/Local/Tribal Government knowledge of community/location

Explanation of Basis: (Leave Blank)

Matthew T. Lee
Environmental Protection Specialist
Office of Enforcement, Compliance and Environmental Justice
U.S. EPA Region III
1650 Arch Street (3EC00)
Philadelphia, PA 19103
(215) 814-2917
Lee.Matthew@epa.gov

**U.S. Environmental Protection Agency, Region 3
Water Protection Division, Office of Drinking Water & Source Water Protection
Ground Water & Enforcement Branch (3WP22)
1650 Arch Street
Philadelphia, Pennsylvania 19103
USC Saltville Brine, LLC, Saltville, Virginia**

Comments will be accepted until May 14, 2014

The U.S. Environmental Protection Agency has developed a draft final Underground Injection Control (UIC) permit VAS3G931BSMY for USC Saltville Brine, LLC (USC) under the authority of the UIC regulations at 40 CFR Parts 124, 144, 146, and 147. The permit is necessary for the continued operation of seven (7) Class III G injection wells and the addition of ten (10) Class III G wells for a total of seventeen (17) Class III G wells used for the solution mining of salt.

Description: In order to conduct salt solution mining, a permit is required to meet the provisions of the EPA administered UIC Program in Virginia. This permit was originally issued to Virginia Gas Company in April, 1996. Throughout the history of the facility's operation the permit has been transferred several times to successive operators; the current operator is USC Saltville Brine, LLC (USC). Three of the currently permitted injection wells have been successfully operated under this permit since 1996; the scope of the permit was expanded to six Class IIG wells in 2004, and to seven wells in 2011. This major permit modification is for the addition of ten (10) Class III G wells in order to further expand salt production.

Opportunity for Comment: The Administrative Record for this permitting action remains available for public inspection during normal business hours at:

EPA Region III
Ground Water & Enforcement Branch
Office of Drinking Water and Source Water Protection
1650 Arch Street
Philadelphia, Pennsylvania 19103

All information submitted by the applicant, unless deemed confidential, is available to the public in the Administrative Record. The Administrative Record includes the permit application, the permit's compliance history, draft permit, statement of basis and all related correspondence. A copy of the draft permit and statement of basis for this permitting action is available for review at:

Saltville Public Library
111 Palmer Avenue
Saltville, VA 24370

EPA solicits public comment on the proposal to reissue a final UIC permit for this facility. A public hearing has been tentatively scheduled for Wednesday, May 14, 2014, at 7:00 PM at:

Saltville Town Hall
217 Palmer Avenue
Saltville, VA 24370

Requests to hold this hearing must be received in the office listed below by May 5, 2014. When requesting a public hearing, please state the nature of the issues proposed to be raised. EPA expressly reserves the right to cancel this hearing unless a significant degree of public interest, specific to this permitting action, is evidenced by the above date.

Interested persons may obtain further information, including copies of the draft permit and statement of basis, by contacting James Bennett at the address and phone number listed below.

U.S. EPA Region III
Ground Water & Enforcement Branch (3WP22)
1650 Arch Street
Philadelphia, PA 19103

Email address: bennett.james@epa.gov and phone number 215-814-5469



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
1650 Arch Street
Philadelphia, Pennsylvania 19103-2029**

Ms. Kris Sheets
Saltville Public Library
P.O. Box 1033
Saltville, VA 24370

RE: UIC Permit Major Modification - Class III G Permit, VAS3G931BSMY

Dear Ms. Sheets:

Enclosed is the information pertaining to the Underground Injection Control permit for Texas Brine Company Saltville, LLC to add an additional ten (10) Class III G well, for a total of seventeen (17) wells, from a facility located at the Saltville High Pressure Brine Field, in Saltville, Smyth and Washington Counties, Virginia.

During a recent telephone conversation with a member of your staff Rosemary, it was agreed upon to permit us to use the Saltville Public Library as a repository for public information pertaining to this permit. This package contains the Public Notice, the Statement of Basis, and the Draft Permit.

Any questions that arise should be referred to the undersigned at the address and telephone number listed below:

Environmental Protection Agency
1650 Arch Street (3WP22)
Philadelphia, PA 19103
(215) 814-5469
bennett.james@epa.gov

Thank you for your cooperation in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "James Bennett", is written over a horizontal line.

James Bennett
Safe Drinking Water Act Branch, 3WP22

Enclosures

276-228-6611 or

655-1406

WALK-IN HOURS: 9 AM - 5 PM

Classified Marketplace



LEGAL NOTICE

Part Time Seasonal Positions

The Town of Marion Recreation Department is accepting applications for seasonal part time maintenance personnel and lifeguards. Candidates for the maintenance positions will be required to perform general maintenance duties including mowing, preparing ball fields for games, keeping playgrounds clean, painting and other duties as assigned. Candidates for the lifeguard positions must have a current American Red Cross lifeguard certification. These positions will remain open until filled. Individuals interested in these positions should complete a Town of Marion application and submit at:

Town of Marion
Municipal Building
P. O. Box 1005
138 West Main Street
Marion, VA 24354

Equal Opportunity Employer

William T. Rush, III
P. O. Box 1005
Marion, VA 24354

TRUSTEE SALES

SUBSTITUTE TRUSTEE'S SALE

OF VALUABLE REAL ESTATE

SITUATE AT

WHITTETOP ROAD & PIEDMONT CIRCLE,
CHILHOWIE, VIRGINIA

In execution of a Deed of Trust dated October 1, 2008, and recorded in the Office of the Clerk, Circuit Court of Smyth County, Virginia in Deed Book 767, Page 162, the undersigned Substitute Trustee will offer for sale at public auction the real estate and improvements hereafter described and designated on Smyth County Tax Map No. 76-6-1; 76-6-2; 76-6-3; 76-6-4; 76-6-5, which sale shall be made subject to all rights, reservations, restrictions, covenants, and easements of record in the aforesaid Clerk's Office that may affect the title to the real property hereinabove mentioned.

Date of Sale: April 10, 2014
Time of Sale: 11:30 a.m.
Place of Sale: Front Steps of Smyth County Courthouse, 109 W. Main Street, Marion, Virginia

Terms of Sale: The Successful Bidder shall make a \$10,000.00 deposit by bank cashier's check at the time of sale, subject to the exception that the Substitute Trustee reserves the right to modify or waive the deposit requirement if the Noteholder is the successful bidder. Bidders may be required to show that they have in their possession a cashier's check made payable to "B & H LENDING SERVICES, LLC, Substitute Trustee" prior to being able to bid on the Property. The entire amount of the successful bid must be paid in full by bank cashier's check within ten (10) days after the sale, and Time is of the Essence as to the closing date and the purchase price. The Property will be sold "AS IS, WHERE IS" and title will be conveyed by Special

TRUSTEE SALES

Warranty Deed. Risk of loss will pass at the time of sale, and neither the Substitute Trustee nor the Noteholder will be responsible for delivering possession of the Property to the successful bidder. The purchaser of the Property will be required to pay all closing costs except the Grantor's Tax, and real estate taxes will be pro-rated and paid by the Substitute Trustee through the original date of sale. The purchaser of the Property will at the time of sale sign a Memorandum of Purchase and an agreement to comply with these terms. The Bidging will be kept open after the property is struck down; and in case any purchaser shall fail to comply with any of these terms, the property will either (i) be offered to the next highest bidder that appeared at the sale, or (ii) again be put up for sale under these same terms, and in either event, the original purchaser will be held liable for any deficiency there may be between the amount originally bid and the amount received on the resale, along with all costs or expenses incurred on such resale. If for any reason the Substitute Trustee fails to convey title to the highest bidder, the sole remedy of the highest bidder is to accept a return of the Deposit that was paid on the date of the sale. Other terms and conditions may be announced at the sale and shall take precedence over these terms.

Given under my hand on March 11, 2014.

B & H LENDING SERVICES, LLC,
Substitute Trustee

By: Phillip G. Heat, Member

FOR INFORMATION CONTACT:

B & H LENDING SERVICES, LLC

PO Box 1806

Arlington, Virginia 22212

(703) 676-2022

Description of Property Being Sold

All those certain lots or parcels of real estate, together with all improvements thereon and appurtenances thereunto belonging, situate and being in the Rye Valley Magisterial District of Smyth County, Virginia, known and designated as Tract Nos. 1, 2, 5 and 6 as shown on a plat entitled in part, "FINAL PLAT OF THE DOUGLAS A. WITT & TAMARA J. WITT LANDS PROPERTY," by Addison Surveyors, dated August 29, 2008, which plat is of record in the Office of the Clerk, Circuit Court of Washington County, Virginia in Plat Slide 333. Page 9, reference to which is hereby made for a more particular description of the real property hereby conveyed.

It is noted that the Smyth County Planning and Zoning Department has imposed a restriction on the herein conveyed real property that no permanent structure may be placed within the bounds of the fifty feet strips running to Virginia Secondary Route No. 721 for Tract Nos. 2 and 5.

(FREE) FREE ADS

TREASURE SEEKERS

1964 & 1965 WISE COLLEGE Year Books GC.

\$25.00 each 276-623-5270

2013 CHEVY ALUM 17" 6 lug Truck Rims &

245/70R173925.00 276-623-5270

2014 GM ALUM 17" 6 lug Truck Rims &

245/70R173950.00 276-623-5270

250 Gal. Square Plastic Tank / Metal

Cage \$125.00 call: 276-623-5270

U.S. Environmental Protection Agency, Region 3

Water Protection Division, Office of Drinking Water & Source Water Protection

Ground Water & Enforcement Branch (3WP22)

1650 Arch Street

Philadelphia, Pennsylvania 19103

USC Saltville Brine, LLC, Saltville, Virginia

Comments will be accepted until May 14, 2014

The U.S. Environmental Protection Agency has developed a draft final Underground Injection Control (UIC) permit VAS030310SMAY for USC Saltville Brine, LLC (USC) under the authority of the UIC regulations at 40 CFR Parts 124, 144, 146, and 147. The permit is necessary for the continued operation of seven (7) Class III G injection wells and the addition of ten (10) Class III G wells for a total of seventeen (17) Class III G wells used for the solution mining of salt.

Description: In order to conduct salt solution mining, a permit is required to meet the provisions of the EPA administered UIC Program in Virginia. This permit was originally issued to Virginia Gas Company in April, 1996. Throughout the history of the facility's operation the permit has been transferred several times to successive operators; the current operator is USC Saltville Brine, LLC (USC). Three of the currently permitted injection wells have been successfully operated under this permit since 1996; the scope of the permit was expanded to six Class III G wells in 2004, and to seven wells in 2011. This major permit modification is for the addition of ten (10) Class III G wells in order to further expand salt production.

Opportunity for Comment: The Administrative Record for this permitting action remains available for public inspection during normal business hours at:

EPA Region III
Ground Water & Enforcement Branch
Office of Drinking Water & Source Water Protection
1650 Arch Street
Philadelphia, Pennsylvania 19103

All information submitted by the applicant, unless deemed confidential, is available to the public in the Administrative Record. The Administrative Record includes the permit application, the permit's compliance history, draft permit, statement of basis and all related correspondence. A copy of the draft permit and statement of basis for this permitting action is available for review at:

Saltville Public Library
111 Palmer Avenue
Saltville, VA 24370

EPA solicits public comment on the proposal to reissue a final UIC permit for this facility. A public hearing has been tentatively scheduled for Wednesday, May 14, 2014, at 7:00 PM at:

Saltville Town Hall
217 Palmer Avenue
Saltville, VA 24370

Requests to hold this hearing must be received in the office listed below by May 5, 2014. When requesting a public hearing, please state the nature of the issues proposed to be raised. EPA expressly reserves the right to cancel this hearing unless a significant degree of public interest, specific to this permitting action, is evidenced by the above date.

Interested persons may obtain further information, including copies of the draft permit and statement of basis, by contacting James Bennett at the address and phone number listed below.

U.S. EPA Region III
Ground Water & Enforcement Branch (3WP22)
1650 Arch Street
Philadelphia, PA 19103

TREASURE SEEKERS

4 (20x00) 4 lug GOLF CART tires & wheels

\$125.00 CALL 276-623-5270

Shp. full seat, roll bar, good condition \$350.

leave message 276-666-5204

air conditioned 3 room FEDDERS 10,000 BTU.

(boxed) used 1 season. \$350 call 276-628-1284

Antique-cast iron laundry sink for sale 75.00.

call 276-258-5192

Antique Cedar Chest, Was my great

grandmother's. Priced to sell \$175. 423-930-4966

2 Bar stools \$75 (423)323-9405

TREASURE SEEKERS

Attire for mkt dealers I have a garage full of

good selling merch for \$200 ebn 423-956-8722

baby carriage Deluxe-converts to stroller & bas-

inet. blue velour. 100 call 276-628-1284

Basketball Goal - acrylic portable by Lifetime.

Price \$75. Phone (423) 878-2781

blood pressure monitor-self-taking

stethoscope still in box \$25 o.b.c. 423-764-3837

Boat motor-Mercury 4hp outboard boat motor

for sale. call 276-258-5192

Singer Trundle Sewing machine needs belt

LEGAL NOTICE

NOTICE OF SUBSTITUTE TRUSTEE'S SALE

WHEREAS, by Credit Line Deed of Trust dated March 22, 2001, of record in the Clerk's Office of the Circuit Court of Smyth County, Virginia in Deed Book 563, page 527 as Instrument No. 010000956, William Watson Gollehon and Debra G. Gollehon conveyed the real estate hereinafter described to Danny R. Lowe and Richard A. Money, Trustees, for the benefit of Highlands Union Bank, to secure the payment of the debt therein fully and definitely described; and

WHEREAS, by Deed of Appointment and Designation dated March 14, 2014, of record in said Clerk's Office in Deed Book 862, page 531 as Instrument No. 140000547, David J. Hutton and/or M. Kathryn Krumtum were substituted as Trustees herein; and

WHEREAS, default has been made in the payment of the debt secured by the Deed of Trust and the undersigned Substitute Trustees have been requested by the holder of the Note to foreclose the lien of said Deed of Trust by sale of the hereinafter described property;

NOW, THEREFORE, NOTICE is hereby given that on Friday, May 9, 2014 at 11:00 a.m., the undersigned will offer for sale at public auction by special warranty deed to the highest bidder for cash on the front steps of the Smyth County Courthouse, 109 West Main Street, Marion, Virginia, the following tracts or parcels of land:

Tract No. 2

That certain tract or parcel of land known as the Skyview Theater property, lying and being in the Marion Magisterial District, Smyth County, Virginia, approximately four miles west of the corporate limits of the Town of Marion on the south side of U.S. Highway No. 11, containing 8.37 acres, more or less, and described on the plat designated as "Drive-In Theater" title Howard Chilwood land, Marion, Virginia, said plat being of record in the Clerk's Office of Smyth County, Virginia in Deed Book 136, Page 394, and being the same land conveyed to Lincoln Theaters, Inc., by Howard C. Chilwood, Sr. et al., by deed dated April 29, 1964, and of record in the aforesaid Clerk's Office in Deed Book 196, Page 390, and being the same land conveyed to The Glenoris Corporation by Lincoln Theaters, Inc., by deed dated March 15, 1965, and of record in the aforesaid Clerk's Office in Deed Book 208, Page 159.

Being that same property conveyed by deed dated January 25, 1993, from The Glenoris Corporation to William Watson Gollehon, and recorded in the Office of the Clerk of the Circuit Court of Smyth County, Virginia in Deed Book 435, Page 133.

Tract No. 3:

Those certain tracts or parcels of land lying and being in the Chilhowie District (formerly St. Clair District), Smith County, Virginia, and described as follows:

Being Lots No. 57, 58, 65, 66, 67, 84, 87 and 97 of the subdivision known as Big Horn Estates, as shown on a plat by Gale W. Maisters, C.L.S., dated September 27, 1989, of record in the Circuit Court Clerk's Office of Smyth County, Virginia, in Plat Book 276, Page 8, et seq.

Being a portion of that property of that property conveyed by deed dated September 15, 1995, from Big Horn Sales, Inc. to William W. Gollehon et ux, and recorded in the aforesaid Clerk's Office in Deed Book 472, Page 154.

LESS AND EXCEPT Lots No. 84 and 87 of the subdivision known as Big Horn Estates, Lot No. 84 and Lot No. 87, by deed of record in Deed Book 579, page 3, and has been released with a Certificate of Partial Satisfaction of record in said Clerk's Office on March 22, 2001 in Deed Book 760, page 679. Lot No. 87 was conveyed to Mark D. Ford and Linda G. Ford, deed of record in Deed Book 620, page 738 and has been released with a Certificate of Partial Satisfaction of record in said Clerk's Office on March 25, 2014 in Deed Book 862, page 705.

Tract No. 4:

That certain tract or parcel of land lying and being in Rye Valley Magisterial District, Smyth County, Virginia, and described as follows:

Designated as Portion Of The: William Major Hash Estate" by Kenneth M. Sells, C.L.S., dated April 16, 1999, and recorded at Slide 305, Page 7 in the Office of the Clerk of the Circuit Court of Smyth County, Virginia.

Being that same property conveyed by deed dated May 19, 1999, from Edith Hash Jones et al. to Debra G. Gollehon et vir, and recorded in the aforesaid Clerk's Office in Deed Book 531, Page 148.

Tract No. 5:

That certain tract or parcel of land lying and being in Royal Oak District, Smyth County, Virginia, on the north side of U.S. Highway No. 11, and described as follows:

Being a tract of land containing 14.9887 acres, as shown on plat entitled "Plat Made For Harvey W. And Lydia J. Farish Under The Conveyed Property To William W. And Debra G. Gollehon," by Joe T. Gollehon, C.L.S., dated July 30, 1993, and attached to and made a part of a deed dated August 5, 1993 from Harvey W. Farmer et ux to William W. Gollehon et ux, and of record in the Office of the Clerk of the Circuit Court of Smyth County, Virginia, in Deed Book 441, Page 448, and to which references is hereby made for a more particular description of the premises.

The aforesaid property is part of the same property conveyed to Harvey W. Farmer et ux by Martha P. Farnsworth et al by deed dated February 19, 1992, and recorded in the aforesaid Clerk's Office in Deed Book 433, Page 609.

Being that same property conveyed by deed dated August 5, 1993 from Harvey W. Farmer et ux to William W. Gollehon et ux, and of record in the aforesaid Clerk's Office in Deed Book 441, Page 448.

The sale is subject to the conditions, covenants, restrictions, reservations, party wall rights, easements, right of way and other matters of record applicable to the property, and real estate taxes from the date of the sale. The Trustee reserves the right to sell the property described herein as a whole, or by separate tracts, as permitted by law and the terms of the Credit Line Deed of Trust, and will announce the method of sale in this regard on the date of the sale immediately prior to conducting the sale advertised herein.

PROPERTY ADDRESS: 2286 Lee Highway, Marion, Virginia 24354

TERMS OF SALE: 10 percent down in cash, cashier's check, certified check or postal money order with balance in cash at closing within 30 days. In the event of default by the purchaser, the deposit shall be forfeited and applied to the costs and expenses of sale and the Trustee's compensation authorized by the Deed of Trust and the law in such cases.

All costs of conveyance, which shall be by special warranty deed, examination of title, recording taxes, notary fees, settlement fees and grantor's tax, to be at the cost of the purchaser.

The Trustee reserves the right to reject all bids and withdraw the property from sale, waive the deposit requirements in whole or in part, and extend the period of time in which the purchaser is to make full settlement. Additional terms of sale may be announced at the sale.

DATE OF SALE: Friday, May 9, 2014 at 11:00 a.m.

PLACE OF SALE: On the front steps of the Smyth County Courthouse
109 West Main Street, Marion, Virginia

Given under my hand this 3rd day of April, 2014

David J. Hutton, Substitute Trustee
M. Kathryn Krumtum, Substitute Trustee
131 East Valley Street
Arlington, Virginia 22210
(276) 628-3133

FOR MORE INFORMATION CONTACT:

Beth A. Morefield
Highlands Union Bank
P.O. Box 1128
Arlington, VA 22212
276-628-9181